



# Who has the best data?

## **Appraisal Today 2003**

*San Francisco, CA*

Lewis Allen, Option One Mortgage

Neil Olson, FNC, Inc

# Outline

---

- What data do appraisers need?
- What sources of data are available to us?
- Data limitations, problems and cures
- Why are there such variations in data?
- Data providers
- Political and regulatory aspects
- The future trends in data availability
- Appraisal data and MLS data
- Conclusions

# What Data Do We Need

---

- Sales transactions
- Physical descriptions
- Neighborhoods and trends
- Mortgage information

# What data do appraisers need

---

- How good does data need to be?
- Are there different expectations regarding the quality of the appraisal product that the appraiser delivers depending on the quality of the data available to the appraiser?
- How has the expended use of shortened appraisals and AVM's (*appraiser assisted or not*) affected data and how appraisers can use it?

# What sources are available?

---

- Public record
  - Assessor
  - County recorders/courthouse
- Appraisal
- MLS
- Other appraisers
- Who else?

# Limitations, Problems and Cures

---

- Why is it accurate data so difficult?
  - “Raw”, “rough”
- Inaccurate
- Same data source, different data
- Missing data
- How do you get data corrected?  
Can you? Does it matter?

# Why do these variations exist?

---

- Local practices dictate the quality of data
  - Tempered by idiosyncrasies of local officials, or data managers
  - Funding at the local level affects data quality and completeness
- Disclosure (or non-disclosure) laws dictate some issues regardless of local interests

# Who decides?

---

- Who decides what the quality of data is to be? *Is this something the appraisal community has any control over?*
- Who can (or should) set the rules?
- Who “curates” the data to assure the standards are observed?

# Limitations, Problems and Cures

---

- Cleaning up data
- Compare and reconcile
- Compare to known data
  - Address standardization
  - Address, legal description, assessor parcel number cross reference
- For some data elements it is impossible to know whether the information is correct or not without looking at the property—there are no independent tests

# Data Providers

---

- Large, national public record providers
  - Dataquick
  - First American RES
  - IDM/Fidelity National Information Systems
- Regional providers, such as
  - Warren Group (New England)
  - Metrolist (Denver)
  - Chandler Reports (Memphis)

# Data Providers

---

- Public Agencies
  - Local (assessor and recorder)
  - Federal (e.g., OFHEO, census bureau)
- Multiple Listing Services
- National, regional, local public MLS listing sites
  - Effects of NAR's IDX program

# Political and Regulatory Aspects

---

- What are the most sensitive issues today affecting data?
- Confidentiality (esp. under USPAP)
- Gramm-Leach-Bliley (G-L-B) privacy
  - Appraisers are “financial institutions”
  - Nonpublic personal information
  - “Service provider” exception
  - Property data is much less sensitive than nonpublic personal information

# Political and Regulatory Aspects

---

- G-L-B “Information Security Program” for “financial institutions”
  - Standards for developing and implementing administrative, technical, and physical safeguards to protect the security, confidentiality and integrity of customer information
  - Safeguards commensurate with risk

# Assessors and appraisers

---

- Need to work together
- Appraisers needs assessment information (esp. physical descriptions)
- Assessors need appraisal observations to keep current

# Who owns the data?

---

- Everyone and no one
- Client owns the results (see, e.g., USPAP) and controls any confidential information disclosed to you as part of the assignment
- Client and you own the data collected and reported that led to the conclusions
  - Physical descriptions
  - Note that facts are not protectible as intellectual property unless protected as a trade secret

# Future trends in data availability

---

- Privacy issues are leading to more restrictions on the disclosure of data
  - Public agency websites
  - Protective orders concerning certain people's transactions (making the public record incomplete)
- Use of data as a competitive advantage restricts some appraisal data

# Appraisal data

---

- Are appraisers still sharing data between themselves?
- How can appraisers help each other with their data?
- Is cooperative data sharing still alive?

# MLS data

---

- Available to licensed real estate agents and appraisers
- Some movement by MLS community to license MLS data to third parties for various reasons (most often cited: AVM's)

# Data still dictates results

---

- Data still dictates results
- The more difficult data is to obtain in your area, the more difficult the assignments tend to be (more reliance on the expertise of the appraiser)
- But lenders gravitate to the areas where originations are easy

# Who has the best data?

---

- **We hope that you do!**

And you make the most of it.

# For more information

---

Lewis Allen

Vice President, Chief Appraiser

Option One Mortgage

3 Ada

Irvine, CA 92618-2304

949-790-8656

888-661-3777 fax

[lewis.allen@oomc.com](mailto:lewis.allen@oomc.com)



Neil Olson

Chief Strategic officer

FNC, Inc

3100 Bristol Street, Suite 200

Costa Mesa, CA 92626

714-866-1099, ext 475

714-866-1141 fax

[Nolson@fncinc.com](mailto:Nolson@fncinc.com)

